

7/28/23

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HERSHEY CHOCOLATE CORPORATION
CONSOLIDATED BALANCE SHEET
AND
PROFIT & LOSS STATEMENT
DECEMBER 31, 1920

HERSHEY CHOCOLATE CORPORATION & SUBSIDIARIES
CONSOLIDATED BALANCE SHEET - DECEMBER 31, 1920.

ASSETS

Current Assets:

Cash	1,113,075.65
Marketable Securities	53,150.81
Customers Accounts Receivable (less Reserve)	1,429,151.34
Merchandise Inventories	<u>7,567,212.63</u>

Total Current Assets 10,162,590.43

Investment in Plant:

Land	2,926,383.10
Buildings	10,375,830.60
Machinery & Equipment	9,070,409.23
Public Service Construction	8,000,402.28
Public Service Equipment	1,483,942.69
Milk Collecting Stations	<u>84,547.12</u>

Total Investment in Plant 31,941,515.02

Good Will, Trade Marks, Etc.

4,903,930.20

Deferred Assets:

Accounts Receivable - Long Term	217,393.97
Prepaid Insurance, Interest, Taxes, Etc.	152,814.20
Other Prepayments-Advances a/c Sugar Crop, Etc.	1,721,955.00
Unamortized Bond Discount, Etc.	<u>847,130.08</u>

Total Deferred Assets 2,939,293.25

TOTAL ASSETS 49,947,328.90

LIABILITIES

Current Liabilities:

Bank Loans	10,677,028.81
Acceptances Payable	2,147,980.81
Accounts Payable	1,857,233.39
Accrued Wages, Interest, Other Taxes, Etc.	<u>166,310.65</u>

Total Current Liabilities 14,848,553.66

Funded Debt

9,850,709.75

Reserve for Depreciation

4,687,267.69

Capital Stock:

Preferred	1,634,000.00
Common	<u>505,000.00</u>

Total Capital Stock 2,139,000.00

Surplus

18,421,797.80

TOTAL LIABILITIES 49,947,328.90

(*) Includes \$4,494,087.12, amount paid
for stock of subsidiaries in excess of par
value.

EXHIBIT "A".

HERSHEY CHOCOLATE CORPORATION & SUBSIDIARIES

STATEMENT OF INCOME & PROFIT & LOSS

FOR THE YEAR ENDING DECEMBER 31, 1920

<u>Sales</u>	40,622,811.36
<u>Cost of Goods Sold</u>	<u>36,078,114.26*</u>
Gross Profit	<u>4,544,697.10</u>
<u>Selling & Shipping Expenses</u>	1,212,342.39
<u>General & Administrative Expenses</u>	<u>2,969,375.92</u>
Total Expenses	<u>4,181,718.31</u>
Net Profit	<u>362,978.79</u>
<u>Income from Investments</u>	4,722.23
<u>Cash Discounts Taken</u>	149,438.51
<u>Interest on Notes Receivable, Etc.</u>	15,885.36
<u>Other Income</u>	<u>58,264.74</u>
Gross Income	<u>591,289.63</u>
<u>Deductions from Income:</u>	
Interest on Funded Debt	470,175.85
Interest on Notes & Bank Loans	584,225.96
Cash Discounts Allowed	576,416.40
Other Deductions	<u>410,612.74</u>
Total Deductions from Income	<u>2,041,430.95</u>
Net Income	<u>1,450,141.32</u>
<u>Dividends Paid</u>	<u>90,416.26</u>
Balance	<u>1,540,557.58</u>
<u>Add - Profit & Loss Credits:</u>	
Assets of Hershey Department Store (Donated by M. S. Hershey)	<u>270,000.00</u>
Total	<u>1,270,557.58</u>
<u>Deduct - Profit & Loss Debits:</u>	
Federal Taxes Year 1917-18-19	2,282,649.84
Charges Applicable to Year 1919	<u>81,871.18</u>
Total Profit & Loss Debits	<u>2,364,521.02</u>
<u>Surplus for the period</u>	3,635,078.60
<u>Surplus beginning of period</u>	<u>22,056,876.40**</u>
<u>Surplus end of period</u> (Carried to Ex. "A")	<u>18,421,797.80</u>

(*) Includes reserves for difference between cost and cost or market value of inventories.

Cuba	2,060,473.45
Hershey & New York	<u>2,047,130.48</u>
	<u>4,107,603.93</u>

(**) Add Rosario Deficit on date of purchase
6/30/20 \$338,361.58 = \$22,395,737.98 actual
Surplus beginning of period 1/1/20.

EXHIBIT 'B'.

HERSHEY CHOCOLATE CORPORATION

AND

AFFILIATED COMPANIES

CONSOLIDATED BALANCE SHEET

December 31, 1927

AND

STATEMENT OF CONSOLIDATED PROFIT AND LOSS ACCOUNT

**From October 31, 1927 (Date as of Which Chocolate and Cocoa
Properties and Business of Hershey Chocolate Company
Were Acquired) to December 31, 1927**

Together with

Auditors' Certificate

HERSHEY CHOCOLATE CORPORATION AND AFFILIATED COMPANIES

CONSOLIDATED BALANCE SHEET--DECEMBER 31, 1927

<u>ASSETS</u>			
Current Assets:			
Cash in banks and on hand			\$ 3,214,672.80
Accounts receivable		\$1,881,571.26	
Less Reserve for bad debts and discounts		311,186.86	1,573,384.40
Inventories of raw materials, goods in process and finished goods, at cost or market, whichever lower			7,620,568.22
TOTAL CURRENT ASSETS			\$12,408,625.42
Working Assets.			
Supplies, repair parts, etc		\$ 276,597.50	
Salesmen's advances, prepaid insurance, taxes, etc.		54,653.01	331,250 51
Plant and Property.			
Particulars	Gross Book Value	Less-Reserve for Depreciation	Net Book Value
Land	\$ 114,692.81	\$	\$ 114,692 81
Buildings and Improvements	5,379,953.36	1,735,226.94	3,644,726.42
Machinery, Equipment and Fixtures	7,761,374.17	4,353,605.51	3,407,768.66
	<u>\$13,256,020.34</u>	<u>\$6,088,832.45</u>	<u>\$7,167,187.89</u>
New York Properties	1,474,200.81	196,152.08	1,278,048.73
TOTAL	<u><u>\$14,730,221.15</u></u>	<u><u>\$6,284,984.53</u></u>	<u><u>\$8,445,236.62</u></u>
			<u><u>\$21,185,112.55</u></u>

LIABILITIES AND CAPITAL

Current Liabilities.			
Accounts and wages payable			\$ 720,867.09
Accrued items-			
U. S. federal income taxes (subject to review by treasury department)		\$551,380.90	
State taxes, liability insurance, etc.		860,746.81	
Dividends on prior preferred and preference stocks		287,500.00	1,699,627.71
TOTAL CURRENT LIABILITIES			\$ 2,420,494.80

Note: Sinking fund installment for retirement of prior preferred stock to be set aside February 15, 1928	\$483,750.00
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Capital Stock and Surplus:			
Capital stock issued-			
Prior preferred stock-6 ¹ / ₂ % cumulative, 150,000 shares par value \$100.00 each, redeemable at \$107.50 per share		\$15,000,000.00	
Convertible preference stock-350,000 shares of no par value (at stated value) (*)		350,000.00	
Common stock-650,000 shares of no par value (at stated value)		650,000.00	
		<u>\$16,000,000.00</u>	
Surplus at organization		2,303,382.68	
Earned surplus December 31, 1927		461,235.07	18,764,617.75
			<u><u>\$21,185,112.55</u></u>

(*) The Convertible Preference Stock is entitled to cumulative dividends at the rate of \$4.00 per share per annum plus an extra dividend of \$1.00 per share in any year in which dividends are declared or paid on the Common Stock. Upon any distribution of capital assets the Convertible Preference Stock is entitled to receive \$50.00 per share and accumulated unpaid dividends (if any) before any distribution to the Common Stock, and shares equally per share with the Common Stock in any distribution of the balance until the Convertible Preference Stock receives a total of \$100.00 per share and accumulated unpaid dividends (if any).

HERSHEY CHOCOLATE CORPORATION

AND AFFILIATED COMPANIES

STATEMENT OF CONSOLIDATED PROFIT AND LOSS ACCOUNT

FROM OCTOBER 31, 1927 (DATE AS OF WHICH CHOCOLATE AND COCOA PROPERTIES
AND BUSINESS OF HERSHEY CHOCOLATE COMPANY WERE
ACQUIRED) TO DECEMBER 31, 1927

<u>Particulars</u>	<u>Amount</u>
NET SALES	\$6,473,435.51
COST OF GOODS SOLD (See note)	5,165,330.16
GROSS PROFIT	\$1,308,105.35
LESS-Shipping, selling and administrative expenses	421,018.46
NET OPERATING PROFIT	\$ 887,086.89
OTHER INCOME AND DEDUCTIONS (including federal taxes) net	138,351.82
SURPLUS NET INCOME (see note)	\$ 748,735.07
DEDUCT-Dividends accrued to December 31, 1927:	
Prior preferred stock (6% cumulative)	\$112,500.00
Convertible preference stock (at the rate of \$4.00 per share per annum)	175,000.00
	287,500.00
SURPLUS, per balance sheet	<u>\$ 461,235.07</u>

Note: After crediting \$500,000.00 from reserve provided by predecessor company
for inventory price adjustments.

ARTHUR ANDERSEN & Co.

ACCOUNTANTS AND AUDITORS

MEMBERS AMERICAN INSTITUTE OF ACCOUNTANTS

67 WALL STREET

NEW YORK

AUDITORS' CERTIFICATE

We have examined the accounts of the Hershey Chocolate Corporation and Affiliated Companies from October 31, 1927 (date as of which chocolate and cocoa properties and business of Hershey Chocolate Company were acquired) to December 31, 1927, and certify that, in our opinion, the accompanying Consolidated Balance Sheet and Statement of Consolidated Profit and Loss Account fairly present the financial position of the companies at December 31, 1927, and the results from operations for the two months ended that date.

ARTHUR ANDERSEN & CO

New York,
March 1, 1928

The foregoing statement of consolidated profit and loss account of **HERSHEY CHOCOLATE CORPORATION** and affiliated companies is for two months, November and December 1927

That the profit and loss account of the business acquired by **HERSHEY CHOCOLATE CORPORATION** as of October 31, 1927, for the calendar year 1927 may be available for the information of those interested who desire it, there is set forth below the statement of the profit and loss account of the chocolate and cocoa properties and business of **HERSHEY CHOCOLATE COMPANY** for the preceding ten months ended October 31, 1927, adjusted to exclude interest charges and Federal taxes actually accrued, deducting Federal income taxes at the present rate of $13\frac{1}{2}\%$, of net income

HERSHEY CHOCOLATE COMPANY AND AFFILIATED COMPANIES

STATEMENT OF PROFIT AND LOSS ACCOUNT OF CHOCOLATE AND COCOA PROPERTIES AND BUSINESS FOR THE TEN MONTHS ENDED OCTOBER 31, 1927

ADJUSTED TO ELIMINATE INTEREST CHARGES AND TO STATE FEDERAL INCOME TAXES
AT $13\frac{1}{2}\%$ PERCENT PER ANNUM IN LIEU OF ACTUAL TAXES ACCRUED

<u>Particulars</u>	Six Months ended June 30 1927	Four Months ended October 31 1927	Ten Months ended October 31 1927
NET SALES	\$17,957,339.58	\$13,405,114.85	\$31,362,454.43
COST OF GOODS SOLD (See Note)	13,146,421.79	10,581,256.86	23,727,678.65
GROSS PROFIT	4,810,917.79	2,823,857.99	7,634,775.78
LESS—Shipping, selling and administrative expense	1,341,878.91	933,139.66	2,275,018.57
NET OPERATING PROFIT	3,469,038.88	1,890,718.33	5,359,757.21
OTHER INCOME AND DEDUCTIONS (Net)	304,180.75	167,403.54	471,584.29
NET INCOME BEFORE FEDERAL INCOME TAXES	3,164,858.13	1,723,314.79	4,888,172.92
DEDUCT—Federal income taxes at present rate of $13\frac{1}{2}\%$ per annum in lieu of actual taxes accrued	427,255.84	300,147.50	727,403.34
NET INCOME ON BASIS STATED	2,737,602.29	1,423,167.29	4,160,769.58

Note - Period of four months ended October 31, 1927 includes provision of \$500,000.00 for reserve for inventory price adjustments